

OFFICE OF AUDITS & ADVISORY SERVICES



AGRICULTURE, WEIGHTS & MEASURES OFFICERS' TRANSITION AUDIT

FINAL REPORT

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COUNTY COMMUNICATIONS OFFICE
COUNTY COUNSEL
COUNTY TECHNOLOGY OFFICE
GRAND JURY
HUMAN RESOURCES
RETIREMENT ASSOCIATION
TREASURER-TAX COLLECTOR

August 8, 2013

TO: Sandy Parks, Acting Director
Agriculture, Weights & Measures

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: AGRICULTURE, WEIGHTS & MEASURES OFFICERS' TRANSITION AUDIT

Enclosed is our report on the Agriculture, Weights & Measures Officers' Transition Audit (Leondis to Parks). We have reviewed your response to our recommendations and have attached them to the audit report. The actions taken, in general, are responsive to the recommendations in the report.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ
Chief of Audits

AUD:JLC:aps

Enclosure

c: Sarah Aghassi, Deputy Chief Administrative Officer, Land Use & Environment Group
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller
Lisa Keller-Chiodo, Group Finance Director, Land Use & Environment Group

INTRODUCTION

Audit Objective	The Office of Audits & Advisory Services (OAAS) has completed an officers' transition audit for the Department of Agriculture, Weights & Measures (AWM). The objective of the audit was to determine if there is reasonable assurance that the outgoing officer, Lisa Leondis, and the interim incoming officer, Sandy Parks, took appropriate actions and filed required reports as of March 30, 2013 in compliance with California Codes, County regulatory requirements, and County policies and procedures. These requirements were explained in the instruction letter provided to each officer.
Background	The County Charter requires that the OAAS conduct such an audit when County officers leave or assume office to determine if certain affidavits, authorizations, disclosures, and reports are properly completed and processed. These actions provide for an orderly transition of officers, establish proper accountability for public assets and promote the County's General Management System (GMS), including its key disciplines of accountability, transparency and ethical conduct; fiscal stability; and continuous improvement and innovation.
Audit Scope & Limitations	<p>The reports are the responsibility of the officer who signs them. The OAAS' responsibility is to provide an opinion on the reports based upon the audit.</p> <p>This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.</p>
Methodology	OAAS reviewed all the reports filed by the outgoing officer and the interim incoming officer, obtained supporting documentation, and performed limited internal control testing.

AUDIT RESULTS

Summary	In our opinion, there is reasonable assurance that the outgoing officer and the interim incoming officer took appropriate actions and filed required reports in compliance with California Codes, County regulatory requirements, and County policies and procedures in connection with an officer's transition. However, we noted the following exception:
Finding I:	<p>Errors Found on the Minor Equipment Inventory List</p> <p>OAAS identified six assets recorded in the minor equipment (ME) inventory list with a unit cost greater than \$5,000. Our research found the following issues:</p> <ul style="list-style-type: none">• Three assets were incorrectly recorded in the ME inventory list. OAAS found that these assets were also recorded as fixed assets.• One asset was incorrectly recorded as a set rather than individual items. The invoice listed eight separate charges, two were related to tangible assets (LCD monitor and printer) and the rest were related to

non-asset charges, such as license fees, module fees, and maintenance and technical support.

- Two assets were reported at an incorrect cost due to an estimate error for one asset and a typographical error for the other.

As a result, the balance reported in the ME inventory list is overstated by \$55,711, as illustrated in Table 1.

Table 1. ME Cost Variance Analysis

Asset Description	Errors Noted	Cost Recorded in ME List	Accurate Asset Cost	ME Inventory Overstatement
Bell Prover	Incorrectly listed as ME	\$6,800	N/A ¹	\$6,800
Elec. Meter Test	Incorrectly listed as ME	\$5,100	N/A ¹	\$5,100
Knopp KM-90A	Incorrectly listed as ME	\$26,300	N/A ¹	\$26,300
IBM Kiosk	Incorrectly recorded as a set	\$8,210	\$4,105 ²	\$4,105
Brass Measure	Incorrect cost estimate	\$5,031	\$625	\$4,406
Digital Scale	Typographical error	\$10,000	\$1,000	\$9,000
Total				\$55,711

According to AWM, the errors found were an oversight by staff.

County Administrative Manual 0050-02-1, Section H states that asset unit costs between \$500 and \$4,999 should be classified as minor equipment. Section I also states that department heads should ensure that departments maintain an accurate listing for minor equipment inventory.

Recommendation:

1. AWM should make the necessary corrections to the ME inventory list to accurately reflect the ME balance. Specifically:
 - Remove fixed assets incorrectly listed as ME.
 - Remove the IBM kiosk and add the LCD monitor and printer.
 - Correct the cost listed for the brass measure and the digital scale.
2. AWM should provide refresher training to staff responsible for monitoring ME to ensure awareness of asset thresholds and proper classification according to County Administration Manual 0050-02-1.

¹ This fixed asset should not be included in the ME inventory list; therefore, cost is not applicable.

² This cost includes two tangible assets, LCD monitor (\$3,076) and printer (\$1,029).

Office of Audits & Advisory Services

Compliance

Reliability

Effectiveness

Accountability

Transparency

Efficiency

VALUE

DEPARTMENT'S RESPONSE



NGANHA "HA" DANG
AGRICULTURAL COMMISSIONER/
SEALER OF WEIGHTS & MEASURES

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DEPARTMENT OF AGRICULTURE, WEIGHTS AND MEASURES

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SANDY PARKS
ASSISTANT DIRECTOR

WEIGHTS & MEASURES
(858) 694-2778
FAX (858) 467-9278

August 2, 2013

RECEIVED

TO: Juan R. Perez
Chief of Audits

AUG 06 2013

OFFICE OF AUDITS &
ADVISORY SERVICES

FROM: Sandy Parks, Assistant Director
Agriculture, Weights and Measures

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: AGRICULTURE, WEIGHTS AND MEASURES OFFICERS' TRANSITION AUDIT

Finding I: Errors Found on Minor Equipment Inventory List

OAAS Recommendation: To improve accuracy and reliability of minor equipment reporting, AWM should:

1. AWM should make the necessary corrections to the ME inventory list to accurately reflect the ME balance. Specifically:
 - Remove fixed assets incorrectly listed as ME.
 - Remove the IBM kiosk and add the LCDF monitor and printer.
 - Correct the cost listed for the brass measure and the digital scale.
2. AWM should provide refresher training to staff responsible for monitoring ME to ensure awareness of asset thresholds and proper classification according to County Administration Manual 0050-02-1

Action Plan: The Department of Agriculture, Weights and Measures agrees with the finding that our minor equipment inventory must be corrected to reflect the correct ME values, as well as provide refresher training to all staff responsible for monitoring ME. Both of these recommendations have been implemented: The ME and fixed assets inventories have been corrected. . Our action plan to ensure accurate accounting of minor equipment is as follows:

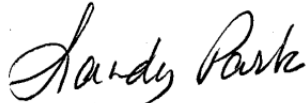
- Review procedures and controls for minor equipment inventories.
- Train responsible staff and managers on procedures, asset thresholds and proper classification.

Planned Completion Date: August 31, 2013

Contact Information for Implementation: Sandy Parks, Assistant Director
858.614.7702.

If you have any questions, please contact me at (858) 614-7702.

Sincerely,

A handwritten signature in black ink that reads "Sandy Parks". The signature is written in a cursive, flowing style.

SANDY PARKS
Assistant Director

cc: Ha Dang